

# COMMONWEALTH OF VIRGINIA

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## VIRGINIA HOUSING COMMISSION

### **Residential Land Use and Development Work Group**

**June 19, 2007, 10:00 AM**

**House Room 1, State Capitol**

#### **Meeting Summary**

**Members Present:** Del. Danny Marshall (Chair), Del. John Cosgrove, Del. Bob Hull, Senator Maime Locke, Gary Garczynski, Andy Heatwole, Chip Dicks, Bill Ernst, Mark Flynn, Ted McCormack, Barry Merchant, Mike Toalson, Roger Wiley, and T.K. Somanath.

There were 18 audience members for the meeting.

#### **I. Welcome and Call to Order, Delegate Danny Marshall (Chair)**

- The meeting was called to order at 10:02 A.M.

#### **II. HB 3003 (2007) Transfer of Development Rights (TDR), Delegate Rob Bell**

- TDR measures allow zoning rights to be transferred into receiving property to increase density.
- It recognizes separate severance packages from the complete deal packages.
- There should be a no-net loss for the local governments. If the sending parcel doesn't have the rights to the development, there is nothing that says someone can't come in and take the property rights to sell.
- TDR needs to be embraced as a growth management tool for the property right owners.
- If the locality takes up property rights to increase the density, then they lose the cash proffer.
- The best way to conserve land development is to buy the land. The main issue is the separation of the sending and receiving packages.

#### **III. HB 2986 (2007) Development Agreements, Delegates Frank Hall and Riley Ingram**

- Cash proffers are fees paid to developers during the zoning process. The intent is to provide the locality with the means to have resources to make the numbers work.
- During the last 15 years, proffers have generated lots of revenue for localities.

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DELEGATE JOHN A. COSGROVE  
DELEGATE ROBERT D. HULL  
DELEGATE DANIEL W. MARSHALL, III  
DELEGATE MELANIE L. RAPP  
DELEGATE TERRIE L. SUIT

SENATOR MAMIE E. LOCKE  
SENATOR JOHN C. WATKINS  
SENATOR MARY MARGARET WHIPPLE

F. GARY GARCZYNSKI  
F. ANDREW HEATWOLE  
T. K. SOMANATH

- However, there have been unintended consequences, such as an 81% increase in central Virginia. Slow growth has encouraged development in less populated areas.
- Local governments are trying to find a way to finance services, but they seem to be struggling.
- The idea of the bill is to start looking for solutions, but it is not necessary to find one that works for every locality.
- Farmers, teachers, etc are being driven further and further out of the areas where they need to be because of prices. It is hard to prove direct dollar for dollar the cost of a house and the cash proffers development costs.
- People expect a certain level of housing, so to get the most for their money, they are moving further out. The idea is to try to get people to live where they work, play, etc.
- Some think it's a bad idea to bond using proffers as a revenue source. The problem is the housing market is suffering so developers are using proffers as revenue.
- The commission observed that transportation doesn't drive the proffer system, but the cost of building schools drives the system because the localities fund this with real estate taxes.
- Some say it has become an affordability issue. The cost of proffers and fees goes into the base cost of the house.
- Proffers are a contributing factor to the housing slump, which is the lowest since 1991. The construction industry is the backbone for Virginia, and 50% less homes are being constructed, so less tax is being collected.

#### **IV. Other Topics and Public Comment**

- There were no speakers with public comment.

#### **V. Adjourn**

- The Commission adjourned at 12:03 P.M.